

## Turkey's strategic position presents opportunity in energy

Anadolu Agency, 14.10.2017



Turkey's strategic position in Eurasia presents an opportunity for energy supply security and diversification of sources, said Gurkan Kumbaroglu, president of the Turkish Association for Energy Economics, in Croatia's capital Zagreb.

Turkey is located between Europe, Middle East and Asia which is the intersection of supply and demand, said Kumbaroglu at the 2nd International Association for Energy Economics (IAEE) Eurasian Conference. This gives Turkey an opportunity to develop as an energy hub, he said.

The energy resources that are in Eurasia are really important for European energy markets, he said. "Different alternative sources of natural gas besides Russia such as the Eastern Mediterranean, the Middle East and the U.S. provide opportunities for diversification of supply sources featuring supply security and competitive pricing for Europe," Kumbaroglu explained. Eastern Mediterranean natural gas is important for Europe as a new source, he pointed out.

"The EU realizes the importance of diversifying gas routes and suppliers, and places much importance on Eastern Mediterranean gas but the only economically feasible way that gas can reach Europe is through a pipeline via Turkey," Kumbaroglu stressed. Ongoing projects like the Trans Anatolian Natural Gas Pipeline (TANAP) and TurkStream further support Turkey's unique locational advantage and attracting interest from European countries, according to him. TANAP is a natural gas pipeline, currently under construction and stretching from the Turkey-Georgia border to the Turkey-Greece border to supply natural gas both to Turkey and also to European countries.

The project will start transporting natural gas from Azerbaijan to Turkey next year and to Europe in the first quarter of 2020 via the Trans Adriatic Pipeline (TAP). TANAP's initial capacity per year will be 16 billion cubic meters, out of which Turkey will utilize 6 billion cubic meters while the remaining 10 billion cubic meters will be delivered to Europe. TAP will transport natural gas from the giant Shah Deniz II field in Azerbaijan to Europe. The approximately 878 km long pipeline will connect with the Trans Anatolian Pipeline (TANAP) at the Turkish-Greek border and the Adriatic Sea, before coming ashore in Southern Italy.

# Turkey ranks 2nd globally in autogas market

Anadolu Agency, 17.10.2017



Turkey has the second largest autogas market in the world after South Korea, the result of spectacular growth in consumption since the end of the 1990's when a ban on autogas vehicles was lifted, according to the latest report of The European LPG Association (AEGPL).

The AEGPL and the World LPG Association launched a new report entitled *Autogas Incentive Policies*, which reports that consumption of autogas overtook that of gasoline consumption in 2009, making Turkey the only country in the world where autogas sales are bigger than those of gasoline.

The report said that autogas consumption has more than doubled since 2010 in Turkey, reaching 3.14 million tonnes in 2016. According to the report, autogas meets an estimated 14 percent of the country's total demand for automotive fuels and accounts for three-quarters of Turkey's total LPG consumption, 77 percent of which is met by imports. The report showed that two of the three largest consumers - Turkey and Russia - saw the biggest increases in autogas consumption in absolute terms over the ten years to 2016, while the biggest falls occurred in Mexico, Australia, Japan and South Korea - still the world's largest autogas consumer.

The report noted that the primary reason why governments in many countries actively encourage the use of autogas and other alternative fuels is the environment. "Autogas outperforms gasoline and, especially, diesel, as well as some other alternative fuels in the majority of studies comparing environmental performance that have been conducted around the world," it said. "With respect to greenhouse gas emissions, autogas performs better than gasoline and, according to some studies, outperforms diesel, when emissions are measured on a full fuel-cycle basis and when the LPG is sourced mainly from natural gas processing plants," it further said.

However, it warned that in practice the strength of actual policies and measures deployed does not always fully reflect the true environmental benefits of switching to autogas from conventional automotive fuels. Worldwide, autogas currently accounts for 1.2 percent of total road transport fuel consumption. The report added that there are close to 27 million autogas vehicles in use around the world and over 76,000 refueling sites.

In 2016, South Korea consumed 3.5 million tonnes of autogas in the country that has 2.2 million autogas vehicles. South Korea also has around 2,000 refueling sites. Turkey consumed around 3.14 million tonnes of autogas, had 4.44 million vehicles and 10,426 refueling sites last year. The third biggest consumer Russia consumed 3.05 million tonnes of autogas with 3 million vehicles and 4,900 refueling sites. Global consumption of autogas has been rising steadily in recent years, reaching 26.7 million tonnes in 2016 – an increase of 283,000 tonnes, or 1.1 percent, over 2015 and 3.7 million tonnes, or 16 percent, up on 2000.

# EBRD approves \$500 mln. financing for TANAP

Anadolu Agency, 18.10.2017



The The European Bank for Reconstruction and Development (EBRD) Board of Directors has approved US\$500 million in financing for Trans Anatolian Natural Gas Pipeline (TANAP), a statement from the Bank said.

The project will help finance the delivery of crucial energy supplies from the Caspian Sea through to Europe along the Southern Gas Corridor (SGC) and make an important contribution to energy security and diversification, according to the statement. The EBRD financing will fund the completion of the TANAP that passes through Turkey, the Bank said.

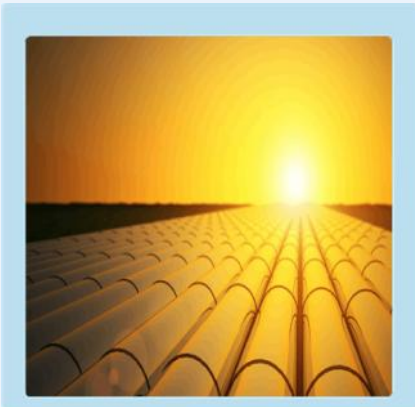
The borrower of the financing is the Southern Gas Corridor Closed Joint Stock Company, which is 51 percent owned by the Republic of Azerbaijan and 49 percent by Azerbaijan's State Oil Company. The borrower - SGC Closed Joint Stock Company - is a 58 percent shareholder in TANAP and manages the Republic of Azerbaijan's interest in the project. TANAP is a key component of the Southern Gas Corridor, which will strengthen Europe's energy security, will promote interconnectivity and open gas markets, the statement said.

It will also help provide better energy supply mix for consumers in the Balkans and southeastern Europe as well as achieve significant CO2 reductions through the substitution of obsolete coal-fired power plants, according to the statement. "The Bank's engagement in the project will ensure adherence to the highest environmental standards and allow continuing extensive policy dialogue with all stakeholders of SGC," the statement read.

The Southern Gas Corridor includes gas infrastructure investments in a 3,500-kilometer-long pipeline running through six countries at a total cost of \$40 billion. The key components are the Shah Deniz offshore gas field in Azerbaijan, the Southern Caucasus Pipeline in Azerbaijan and Georgia, TANAP in Turkey and the Trans Adriatic Pipeline (TAP) through Greece, Albania and Italy. The initial annual throughput capacity will be up to 16 billion cubic meters, which is equivalent to the annual energy consumption of more than 10 million households in the region.

# Iraq's pipeline exports slump after clash with Kurds at Kirkuk

Rigzone, 18.10.2017



Oil exports from northern Iraq dropped by more than half as production in the country's disputed Kirkuk province slumped for a second day at fields that government troops captured from rival Kurdish forces.

Flows by pipeline from Iraq to the Turkish port of Ceyhan fell to about 240,000 barrels a day on Wednesday compared with their normal daily level of 600,000 barrels, according to a port agent familiar with the matter. The Kirkuk area's Avana and Bai Hassan oil fields remained shut in, with exports halted, as technicians sought to restore output, an official at the central government-run North Oil Co. said.

Iraq's Oil Ministry deployed engineering teams at Avana and Bai Hassan after workers and guards stayed away from the fields earlier this week when government troops pushed back Kurdish fighters from the area, the North Oil official said. The company won't pump any more oil from the fields than it needs to supply local needs until Iraq's central government can reach an agreement with Kurdish authorities allowing exports from Kirkuk via a Kurd-controlled pipeline to Turkey, he said. The official didn't say how much oil the two fields produced before the halt, nor when pumping might resume.

"It looks like these will be temporary disruptions," said Olivier Jakob, managing director of consultants Petromatrix GmbH in Zug, Switzerland. "It's in no one's interest to shut off the pipeline. The Kurds need the money, while the Iraqis had international support for taking Kirkuk, and they might lose some of that if they cut off oil." Kirkuk, home to Iraq's oldest-producing oil deposits, is a fault line in the power struggle between the central government in Baghdad and the Kurdistan Regional Government. Tensions in the northern province erupted into outright hostilities between the central government and the KRG on Monday following a Kurdish referendum on independence from Iraq. The KRG included Kirkuk in the Sept. 25 referendum despite competing claims to the ethnically mixed area, which lies outside the boundaries of the KRG-ruled Kurdish region.

Iraqi forces on Tuesday regained control of oil fields and other energy facilities in Kirkuk, the Oil Ministry said. Brent crude was 19 cents higher at \$58.07 a barrel on Wednesday at 3:45 p.m. in London. The global benchmark closed Tuesday at the highest since Sept. 27. Two Suezmax tankers carrying crude from northern Iraq departed Ceyhan on Monday and Tuesday, carrying an estimated 1.6 million barrels of crude, according to the ship agent and Bloomberg Tanker Tracking. Three additional vessels were waiting near Ceyhan, scheduled to take Iraqi cargoes.



Iraq, the second-largest producer in OPEC, pumps most of its 4.47 million barrels a day from fields in the south and ships it from the Persian Gulf port of Basra. But with Iraq supplying about 14 percent of total production from the Organization of Petroleum Exporting Countries, an extended period of curtailed exports from the north could roil crude markets. Prior to the incursion by Islamic State militant into northern and western Iraq three years ago, the government had been seeking to boost production at Kirkuk. The area, where Iraq's first well spouted crude in 1927, was mismanaged under former dictator Saddam Hussein and overtaken by giant deposits such as Rumaila in the south. Iraq turned to BP Plc in 2013 to study boosting output at Kirkuk.

Oil Minister Jabbar al-Luaibi called on BP to accelerate plans to develop Kirkuk's fields, the ministry said in a statement on Wednesday. BP will discuss any plans for Kirkuk once it receives a letter from the ministry, Bernard Looney, chief of the company's upstream division, said at the Oil & Money conference in London.

Of the estimated 275,000 barrels a day that had been produced at disputed Kurdish-run fields in Kirkuk, the Bai Hassan field pumped 195,000 barrels a day while the Avana Dome -- the central part of the giant Kirkuk field -- produced 80,000. The Baghdad-controlled North Oil Co. operates the Baba Dome -- the southern part of the Kirkuk field -- along with the nearby Jambur and Khabbaz fields, for a combined output of around 90,000 barrels a day, according to a map published in February by Western Zagros, a company operating in Iraq's Kurdish region. Baghdad piggybacks its exports from Kirkuk with Kurdish shipments through the KRG-run pipeline to Turkey, which runs to the Mediterranean port of Ceyhan. Kirkuk's fields and deposits in the Kurdish region were exporting about 600,000 barrels a day through the pipeline as recently as Monday, according to shipping agent reports and another person familiar with the matter.

## A new oil crisis is developing in the Middle East

Oil & Price, 19.10.2017



After over 40 years in the energy business, more than two decades of that with a parallel career in intelligence, I regularly witness the impact of global developments on the energy markets.

So it's hardly surprising that I often address geopolitical events here. Currently, situations in Latin America (Venezuela), Asia (the South China Sea crisis), and Africa (ongoing civil conflict in Libya and Nigeria) show how widespread the geopolitical impact is on energy prices and availability.



Each one either is, or could easily, spike oil price volatility. But the instability in a different region remains the biggest single factor in how the two sectors interact. There, two significant events unfolded over the past week. Each is certain to have an impact on how crude oil trades in the near-term. The curious de-certification of JCPOA (the Joint Comprehensive Plan of Action, more popularly known as the “Iranian nuclear accord”), by President Trump, was followed in short order by the ominous hostilities between Iraq and Kurdistan over the status of the city and region of Kirkuk. Both impact the northern Persian Gulf, already a region with a short fuse.

The toppling of Raqqa, the self-styled ISIS capital, may be underway in Syria, but the ongoing cross-border disagreements have already spread elsewhere. And they could set the whole region on fire. First, take the Iranian nuclear deal. Decertifying it was a curious choice by the White House, as it actually accomplishes very little. The move kicks the can back to Congress, where the legislative branch has 60 days to decide whether the U.S. remains in the accord. What it does do, of course, is increase volatility. Any attempt to resume economic actions against Tehran will have an effect on oil prices.

Put simply, there is no indication OPEC will be relaxing its cap on production, while renewed U.S. sanctions will almost certainly reduce Iranian exports. When the conversation moves to economic sanctions, I have noted previously here in Oil & Energy Investor that I have some personal knowledge of the matter. In an earlier period of my life, my portfolio included the design and running of such U.S. reprisals in several parts of the world. One thing I learned was the limited impact of such moves. Public opinion still holds that economic sanctions can bring a nation to its knees. Unfortunately, that is not the case.

Such weapons tend to hurt the poorest residents of a target country, while resolute central governments there remain unrelenting. Massive economic sanctions did not prevent Japan from attacking the U.S. and pulling it into World War II, nor did they dissuade Saddam Hussein, or for that matter prompt Tehran to stop its nuclear program prior to the negotiation of JCPOA.

They will not have a better result this time. That’s because every one of the other signatories to the accord (Russia, China, the UK, France, and Germany) have certified that Iran is abiding by the agreement. Any move to resume U.S. sanctions will have limited impact. This time around, all the other nations involved will not agree to comply with them, giving Iran a way around American sanctions. Now, Congress passed an ancillary piece of legislation, not part of the JCPOA itself, asking the president to periodically certify whether Iran is abiding by the deal. And last time it came up – earlier this year – even President Trump certified that Iran was in compliance. In any event, nothing has happened in the past six months to change that assessment. Now, the White House and some in Congress would like the accord to include restrictions on Iranian support of outside groups and a prevention of further ballistic missile development.

These are objectives worthy of consideration. But no nation can retroactively (and unilaterally) decide to add elements to an already approved international agreement. These matters, while important, have nothing to do with certifying JCPOA. They are simply not a part of that deal. Last week, I provided a comment from a Russian colleague that deserves repeating: “One does not improve the trade in oranges by adding apples.” Dr. Moors providing a keynote address to the Iranian Summit held in Frankfurt earlier this year. On each occasion when I meet with officials and leaders of the Iranian energy sector I have two reactions



First, there is a window of opportunity allowing some possible joint endeavors of benefit to both sides. But second, Iranians will not be pushed into a corner and cry “uncle.” It reminds me of one of the pieces of advice I would regularly give my graduate students in my tenure as a university professor: “Learn to work successfully with people you happen not to like personally.”

As Congress deliberates over the next 60 days on whether to maintain American involvement in the JCPOA, uncertainty over Iranian export flows should result in the oil pricing floor slowly rising, as the market is already approaching a balance between supply and demand. The other issue – the blowback against the Kurdish move to independence – is far more recent and more serious...

A few days ago, Iraqi military forces supported by Shiite militia took over the northern city of Kirkuk. This puts Baghdad and the Kurdistan Regional Government (KRG) in Irbil in a direct armed conflict. Kurdistan remains nominally a part of Iraq. It has had a semi-autonomous status for several years, but the overwhelming “Yes” vote in last month’s independence referendum there has ushered in a new crisis. Today, Kirkuk is not part of Kurdistan, but it is the traditional capital of the Kurdish people. Kurds remain the largest ethnic group in the world without their own country. The preponderance of that population lives in northeastern Iraq, northwestern Iran, and eastern Turkey.

In other words, in what is probably the most sensitive area in the region. The Kurds have been contending with Baghdad, Tehran, and Ankara ever since Saddam was toppled from office. Matters have now reached a dangerous level. At issue right now are the primary oil-producing areas surrounding Kirkuk, as well as the Kirkuk-Ceyhan pipeline to southeastern Turkey – the primary northern Iraqi crude oil export avenue. The area surrounding Kirkuk provides a shade more than 40% of all Iraqi oil production. Some of that has been effectively “acquired” by Kurdistan, while other oil and natural gas fields exist that are squarely within territory administered by the KRG.

Thus far, in the less than 72 hours following the Iraqi military move, about 450,000 barrels a day of production have been lost to the market, all from KRG-controlled fields. Meanwhile, as contacts in the KRG Ministry of Natural Resources, Iraqi Ministry of Petroleum, Iranian Ministry of Petroleum, and Russian Ministry of Energy (Minenergo) confirm, Kurdistan has become the target for accelerating foreign interest.

I advised the KRG Ministry in designing the Kurdish Oil Law and Model Production Agreement, as well as the Iraqi Ministry of Petroleum in the revisions of Iraqi regulations on field development. The KRG has provided a better approach for foreign companies. That has resulted in some international majors (led by Exxon Mobil Corp. (XOM) and Total SA (TOT)) to forego contracts in Iraq proper and move to Kurdistan. All of this has put an outside emphasis on securing agreements with the KRG. The new conflict merely accentuates the pressure.

I had advised private clients since July of this year that the winding down of military operations against ISIS – a cause in which Baghdad, Irbil, and Tehran were “allies” – would result in a heightened rift between the Kurds and the Iraqi central government. The vote for Kurdish independence was the first wave. Military confrontation has been the second. I next meet with Kurdish officials in early December, although meetings with both Kurds and Iranians are now shaping up for next month. It’s a comment on the uncertain times that the former will be held in London while the latter takes place in Paris.

## Iran ready for OPEC oil deal extension

Oil & Price, 18.10.2017



If Iran is ready to take part in a further extension of the OPEC oil production cut deal, the country's Deputy Minister for Trade and International Affairs said at an event yesterday. The cartel is currently discussing extending the deal to the end of 2018 to ensure stable prices but not all agree it is necessary.

**“We are pleased with the way OPEC has decided to cut some production in order to bring a semblance of balance between supply and demand. We think that this trend will continue and we will support this trend,” Amir Zamaninia said.**

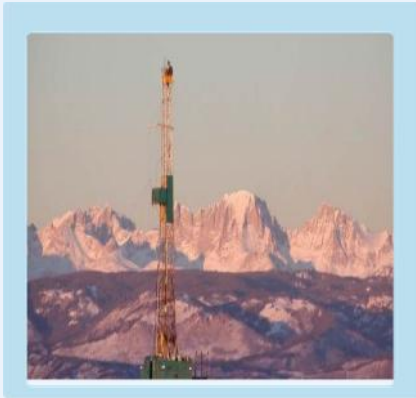
Late yesterday, Zerohedge tweeted that there was general agreement for an extension, according to an unnamed Iranian deputy oil minister. Earlier this week, however, Kuwait's Oil Minister said an extension of the agreement may be unnecessary if all OPEC members comply with their production quotas. OPEC officials are masters of mixed signals and we're likely to see more of these contradicting statements in the coming weeks. Iran was the only OPEC member that was allowed to increase its oil production, to 3.797 million bpd, under the agreement and is currently producing a bit over this: between 3.8 and 3.9 million bpd, according to Zamaninia. Also, Iran plans to increase its production capacity to 4.7 million bpd by 2021 but in the meantime, it would “match” its production rate and capacity expansion with whatever OPEC decides at its November 30th meeting in Vienna.

Oil prices are currently being supported by the conflict between Baghdad and Kurdistan, which has now become an open fight with a focus on Kirkuk and surrounding oil fields. For a longer-term price stabilization, an extension of the cut deal seems to be unavoidable: if the cartel and its partners decide to leave the March 31, 2018, deadline unchanged, we can reasonably expect a steep price drop as 1.8 million bpd come back on global markets.



## What's stopping an oil price rally?

Anadolu Agency, 03.09.2017



Oil supply disruptions, high OPEC oil cut deal compliance rates, an extra-violent hurricane season, and the threat of new U.S. sanctions against Iran have fed optimism in oil markets over the past couple of months.

Yet there's bad news for bulls: a growing number of experts and industry insiders warn that the lower-for-longer scenario is nowhere near its end. Earlier this week, Deloitte Services released a survey of 250 U.S. oil industry executives that revealed two-thirds of them expected oil benchmarks to remain below \$60 through 2018.

In fact, the majority of executives polled said they didn't expect crude to rise above \$70 before the end of the decade. Also, 60 percent said they expected the number of drilling rigs in the country to decline next year, and half said that capital spending will likely fall in 2018. The president of Facts Global Energy consultancy shared a similar message Wednesday. Speaking at the Reuters Global Commodities Summit, Jeff Brown said that global inventories were still quite high, and there was no meaningful reason for them to decline by any significant amount over the next year or two. This means there is no big upward driver for oil prices.

In its latest Oil Market Report, the International Energy Agency also displays cautious optimism. OECD crude oil inventories are still 170 million barrels above the five-year average, which OPEC took as its target in the production cut deal. Although it's a substantial reduction from the 318-million-barrel overhang at the start of 2017, there's still excess oil in the world—and it will weigh on any possible price increase in the short term. Of course, forecasts of growing U.S. production apply their own pressure on oil prices, and for the time being, forecasters seem to be in agreement that U.S. oil production will indeed continue to grow even if industry executives expect to see fewer rigs. The technology-enabled efficiency improvement drive in the shale patch is still gaining momentum, after all, and it's only reasonable to expect more news in this area, particularly about further cost-cutting and lower breakeven prices.

Separately, efficiency, in a wider sense, also undermines the prospects of a rosy future for oil prices. Efficiency and technology are the twin factors that consistently push down oil demand, but oil bulls seem to ignore them, the chief economist of asset management firm Tressis Gestion told CNBC recently. "The bulls of the oil market are missing the elephant in the room, which is efficiency and technology. It takes away every year—no matter what they say—it takes away estimates of growth of demand in the region of around 500,000 to 600,000 barrels per day," Chief Economist for Tressis Gestion Danielle Lacalle said.

To top it all, last month OPEC exceeded its own stated production target, pumping 32.75 million bpd—25,000 bpd above its quota—mostly because of production increases in exempt Libya and Nigeria, but also because Iraq pumped more as well. So, we have growing U.S. production, regardless of where prices are going. We have OPEC struggling to maintain compliance, and possibly doomed to make the production cut deal indefinite since every higher figure reported pushes benchmark prices down immediately. And we have general tech-enabled efficiency driving down demand, despite relatively optimistic global oil demand forecasts from various authorities. There really isn't much to support the argument for prices climbing significantly higher for the time being, except perhaps new U.S. sanctions against Iran. That event would tip the scales in a more favorable direction for prices, and this fact could just make the sanctions more likely.

## Gazprom Neft mulls options at Sakhalin find

Rigzone, 18.10.2017



Russia's Gazpromneft is planning further exploration work on a recently discovered field on the Ayashsky block in the northeast of the Sakhalin Island before proceeding with any development.

Executive chairman Alexander Dyukov said this week in Moscow that the state-controlled oil company expects commercial production from the envisaged development, which has been named Neptune, to begin in 2025 or 2026. A first appraisal well, drilled by the Hakuryu 5 semi-submersible drilling rig operated by Japan Drilling,

During the past ice-free summer season with preliminary estimates putting recoverable reserves of the discovery at between 70 and 80 million tonnes (510 million to 585 million barrels). Dyukov said that the company has to complete its exploration programme at the block before it can move into the development phase. Currently, Gazprom Neft is working on plans for an appraisal well to be drilled on the Bautinskaya structure on the same block, after which a second well will be drilled on the Ayashskaya structure, according to the company's tender disclosure notices.

Dyukov added that he expects the Neptune development to be commercially attractive at the current oil price range of between \$55 and \$60 per barrel. Earlier in October, he said that the company hopes to be able to produce between 5 million and 6 million tonnes per annum of oil at the discovered field in the long run. That kind of production rate would put Gazprom Neft on a par with the Gazprom-led Sakhalin Energy venture, which operates two offshore fields near Sakhalin Island under the Sakhalin 2 production sharing agreement. The operator, in which Anglo-Dutch supermajor Shell is the largest minority shareholder, reported output of over 5.5 million tonnes of oil last year. Gazprom Neft was awarded a 22-year exploration and development licence for the Ayashsky block in January this year after its largest shareholder, gas monopoly Gazprom, decided to terminate its rights for the acreage.

# OPEC's Barkindo: Balanced oil market is fully in sight

Anadolu Agency, 19.10.2017



The massive drainage of oil tanks across all regions in terms of both crude and products ensures a balanced oil market is now fully in sight, secretary general of the Organization of the Petroleum Exporting Countries (OPEC) said.

Speaking at the Oil & Money Conference in London, Mohammad Barkindo said that in OPEC's upcoming World Oil Outlook 2017, to be launched on Nov. 7 in Vienna, OPEC expects demand to surpass 100 million barrels per day (mb/d) in 2020 and to reach over 111 mb/d by 2040. "Let me stress that we see demand growing in every year of the Outlook.

There is no peak oil demand for the foreseeable future," Barkindo asserted. He noted that as the global economy recovers, correspondingly global oil demand growth has also been robust with signs of a growing trend. "In our December 2016 monthly oil market report, we saw global oil demand growth for 2017 at a level of 1.15 mb/d. This has been revised up considerably to now stand at 1.5 mb/d. For 2018, this encouraging dynamic is set to continue with a forecast of 1.4 mb/d," he explained.

Barkindo added that OPEC is not alone in its more positive oil demand numbers, with many other agencies revising their demand numbers upward in recent months. "The process of onshore and offshore destocking continues apace," he said, adding that crude in floating storage is also down by an estimated 50 mb since June, with the help of a narrowing contango, resulting in Brent flipping into a clear regression for the first time since the second half of 2014. Barkindo expressed his belief the unprecedented conformity levels to the production adjustments in the OPEC and non-OPEC's 'Declaration of Cooperation' has evidently driven this process.

In May 25, OPEC members agreed to extend their previous oil cut agreement by nine more months to March 2018 to lower oil output. OPEC in September announced that OPEC and non-OPEC members recorded the highest conformity ever with their voluntary adjustments in production, achieving a level of 116 percent for the month of August 2017. "These consistently high monthly conformity levels around or over 100 percent have now put to rest any skepticism on the commitment of all participating OPEC and non-OPEC countries to jointly restore balance to the oil market," he declared.

## Norway's petroleum sales decrease in September

Anadolu Agency, 18.10.2017



Norway's total sales volume of petroleum products amounted to 715 million liters in September 2017, 5.3 percent less than the same period last year, according to Statistics Norway on Wednesday. Statistics Norway said the volume of gasoline sales was 91 million liters - similar to last year. Sales of diesel amounted to 260 million liters, a decrease of 5 million liters compared to September last year.

Data from the Norwegian Ministry of Trade, the Norwegian Petroleum Institute and oil companies provide data from which the statistics authority produces monthly figures since 1973.

## Norway's Energy Minister sees strong long-term demand for oil

Oil & Price, 19.10.2017



Norway is at the forefront of Europe's green energy shift, but it is also its biggest crude oil producer. The country has so far juggled successfully with the two opposing concepts of emission-reduction and oil production, and according to its energy minister, it will continue to do so in the decades to come, despite forecasts about impending peak oil demand.

In an interview with Bloomberg, Terje Soviknes said that despite the renewables revolution, it still made sense financially and morally to explore for more oil. "I'm not that concerned with when exactly we get peak demand.



What's most important is that there's high demand, and that's going to be there for decades to come. We must position the Norwegian shelf for that," he said. The official acknowledged OPEC's progress in helping oil's fundamentals move closer to balance, and said that for Norway, the most immediate threat was the lack of any significant new discoveries to ensure stable oil supply for the near term. In this context, the long-term trends in oil and fuel demand must take a back seat. State-owned energy major Statoil has been on the hunt for new discoveries for a while now as oil prices rebounded from their trough last year, but it has reported disappointing results at home – its Arctic drilling campaign this year produced no meaningful results and the company said it will be back next summer to drill more.

At the same time, there are large oilfields slated to start pumping crude in the next few years. Johan Sverdrup, which is estimated to hold between 1.9 billion and 3 billion barrels of oil equivalents, is scheduled to start production in 2019. Johan Castberg, with proven reserves of some 400-600 million barrels, should start production in 2022.

## African petroleum seeks arbitration over Gambia oil dispute

Reuters, 18.10.2017



African Petroleum Corp has begun arbitration proceedings over Gambia's decision to strip the company of its rights to explore for oil in two offshore areas.

The Norwegian-listed company said in a statement on Wednesday that two wholly-owned subsidiaries had requested arbitration with the United States-based International Centre for the Settlement of Investment Disputes "to protect its interests in the A1 and A4 licences". Licence area blocks A1 and A4 are thought to contain up to 3 billion barrels of oil and lie next to licences in Senegal.

Gambia said in August that African Petroleum's licences had expired and were now open for relicensing, accusing the company of failing to meet its commitments -- charges denied by African Petroleum. "Arbitration is certainly not our preferred route. However, we believe arbitration is necessary to protect our interests in these licences, in which we have made significant investment over the years," the company's CEO Jens Pace said in the statement. Pace has held talks with Gambian President Adama Barrow, who replaced long-ruling dictator Yahya Jammeh in January, but they have yielded no agreement. Pace said on Wednesday that the company remained open to settling the dispute through dialogue. Energy Minister Fafa Sanyang said that Gambian authorities had been notified of African Petroleum's move to seek arbitration but could not comment until the justice ministry had a chance to study the case.

## Kazakhstan begins natural gas delivery to China

Anadolu Agency, 18.10.2017



Kazakhstan started to send natural gas to China on Monday, according to the country's national gas company, KazTransGas. Kazakhstan and China signed an agreement on Oct. 3 to supply 5 billion cubic meters (bcm) of Kazakhstani natural gas over a calendar year.

The National Operator, KazTransGas, expects export revenue of approximately \$1 billion. According to the agreement, natural gas will come from the fields in West Kazakhstan, as well as from the underground natural gas storage facilities of KazTransGas. Kazakhstan's Energy Minister Kanat Bozumbayev was quoted as saying.

"We have 10 bcm capacity to supply and send natural gas to China,"

## China's CNPC starts third natural gas pipeline to Shanghai

Reuters, 13.10.2017



China National Petroleum Corporation has started operating the third natural gas pipeline into Shanghai, looking to boost supply of the clean fuel to the city of more than 24 million people.

The 88-km line connects a coastal liquefied natural gas (LNG) terminal in Rudong, in Jiangsu province, with Shanghai's Chongming island, CNPC said on Friday in statement on its website. The line has an annual capacity of 1.84 billion cubic metres of gas, said CNPC, which also operates the other two gas pipelines to Shanghai.

# LNG producers take time to relax destination clauses despite Japan ruling

Reuters, 18.10.2017



Global liquefied natural gas suppliers are taking time to revise destination clauses in supply contracts for Japanese buyers despite a ruling by authorities in Japan that the provisions are anti-competitive, industry sources said on Wednesday.

The ruling by the Fair Trade Commission earlier this year that restrictions on reselling contracted LNG cargoes breach competition rules looked set to shake up the Asian market in much the same way as in Europe in the last decade. The FTC had urged buyers to revise existing contracts to remove the clauses as quickly as possible.

One source at a Japanese buyer who declined to be identified said the company is pushing suppliers to take the Japanese regulator's ruling seriously but is having little success. He was speaking at an LNG conference in Tokyo. Producers see little need to engage in the discussion said a gas executive at a major oil and gas company. "There's no real energy around it. Everyone is willing to have a conversation but people are not pushing the issue," the executive said. He added that producers feel no need to be "knocking on the doors of buyers" to renegotiate contracts.

Japan's JERA Co, the world's biggest importer of the fuel, and other buyers such as Tokyo Gas contacted producers after the ruling. They and other Asian LNG buyers have led the way in pushing for changes in contracts that restrict the resale of cargoes and to try to remove a linkage to oil prices written into contracts. But JERA has said sellers of long-term LNG have been willing to remove the destination clauses but the talks have not led to an agreement yet. JERA President Yuji Kakimi told the conference that both sides have to cooperate to expand the LNG market. "For consuming nations, scrapping destination restrictions is a very important matter," Kakimi said. "The basic stance is to seek a resolution through dialogue."

Producers have typically insisted on long-term contracts for expensive projects to convince banks to fund them, along with the link to oil prices. "Despite the reservations and concerns being expressed by some market participants, oil indexation will remain for the time being as the most practical and reliable basis for driving stable long-term LNG contract prices in Asia," Qatar's Energy Minister Mohammed al-Sada told the conference. Flexibility in LNG trading will increase in the next five years as the pool of contracts with fixed destination and long duration shrinks as they expire, the International Energy Agency said in a report on Wednesday. "The phase-out of this destination clause will surely take some time," Keisuke Sadamori, the IEA's director of energy markets and security, told Reuters at the conference

## Petronas calls for LNG cooperation

Anadolu Agency, 18.10.2017



Malaysian state-run oil company Petronas has called for greater collaboration between liquefied natural gas producers and buyers.

The company, which claims to be the world's third largest LNG producer, wants producers and buyers to work together to encourage growth and sustainability of the industry. "Today, players are cancelling and delaying projects in tandem with the LNG prices," Petronas chief executive Wan Zulkiflee Wan Ariffin told delegates at the LNG Producer-Consumer Conference in Tokyo, Japan.

"Without sufficient investments, both buyers and sellers face an uncertain future in terms of business sustainability and energy security." He added that all parties needed to engage in early collaboration to ensure favourable market conditions and to encourage investment. "While current market dynamics are not encouraging conversations about sustainable gas pricing, it is in our interest, both as sellers and as buyers to bring this up," Zulkiflee said.

"Although buyers' considerations remain in our best interests, the current market volatility necessitates the security of demand. This is imperative for the producers to continue investing to support the upstream and LNG value chain in a timely manner." The comments come after Petronas earlier this year cancelled its Pacific NorthWest LNG project in Canada in a move which it blamed on the prolonged downturn in prices and unfavourable market conditions.



## Exxon acquires oil terminal in Permian Basin

Anadolu Agency, 19.10.2017



ExxonMobil acquired a crude oil terminal in Wink, Texas located in the rapidly growing Delaware Basin, part of Permian Basin from Genesis Energy, the company announced on Wednesday.

According to company, the terminal is strategically positioned to handle Permian Basin crude oil and condensate for transport to Gulf Coast refineries and marine export terminals. The facility is interconnected to the Plains Alpha Crude Connector pipeline system, and is capable of supplying a minimum of 100,000 barrels per day of throughput with the ability to expand.

“The terminal provides crude producers with a full range of logistical options including truck, rail and inbound and outbound pipeline access, not only for ExxonMobil’s production, but for all Permian Basin producers,” ExxonMobil Pipeline Company’s President Gerald Frey said in the press release. “It also provides shippers with efficient and cost-effective access to market destinations in the Gulf region,” Frey added. ExxonMobil said the acquisition marks the company’s first terminal in the Permian Basin to be anchored by the corporation’s newly acquired Delaware Basin acreage, previously announced in January.

## Storms shut two oil pipelines in Canada

Upstreamonline, 18.10.2017



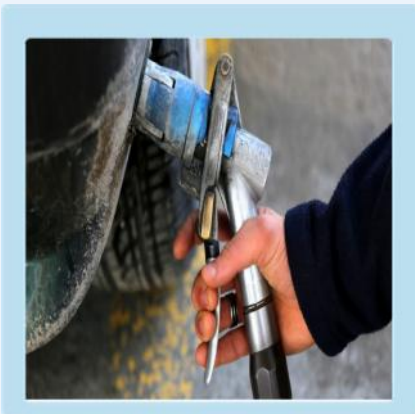
Two crude oil pipelines in western Canada were shut down temporarily on Wednesday, the day after stormy weather caused power outages in parts of Alberta and Saskatchewan.

TransCanada’s 590,000 barrel-per-day Keystone pipeline, which delivers crude from Hardisty, Alberta, to Steele City, Nebraska, was shut down for a few hours and is now back to operating as normal, spokesman Terry Cunha said. Market sources said the Keystone shut down was due to a power outage caused by the weather. Inter Pipeline’s 82,000 bpd Mid Saskatchewan crude oil pipeline, which delivers light and heavy crude into Kerrobert, Saskatchewan.

“Power has been restored to Inter Pipeline’s MidSask system and we have resumed normal operations,” Inter Pipeline spokeswoman Breanne Oliver said. Fierce windstorms across much of Alberta and Saskatchewan on Tuesday caused widespread power outages and fanned fast-moving prairie fires in some areas.

## US crude oil prod. expected to rise in 2nd half of 2017

Anadolu Agency, 17.10.2017



Crude oil production in the U.S. is expected to increase in the second half of this year, the Energy Information Administration (EIA) said Monday. The EIA said it forecasts crude oil output in the country to average 9.4 million barrels per day (bpd) in the second half of 2017.

This projection is 340,000 bpd higher than what the U.S. produced in the first half of this year. “Most of the crude oil production growth in the second half of 2017 will be in the Permian region, which extends across western Texas and southeastern New Mexico and has become one of the more active drilling regions in the U.S.,” the EIA said.

“Production in the Permian continues to increase, in part, as a result of West Texas Intermediate (WTI) crude oil average monthly prices that have remained higher than \$45 per barrel since the second half of 2016,” it added. Crude oil production is expected to continue increasing next year to reach 9.9 million bpd, the EIA said. If reached, the 2018 output would surpass the U.S.’ previous production record of 9.6 million bpd that was set in 1970. The administration noted that oil production forecast is based on crude oil prices, the number of oil rigs in the U.S., changes in production volumes of oil wells in the country, and estimates of companies’ cash flow.

## The U.S. shale play to watch in 2018

Oil & Price, 19.10.2017



The original shale gas play, the one that kicked off the shale drilling bonanza a decade ago but then went into decline, is getting a new lease on life. The Haynesville Shale, which straddles the Texas-Louisiana border, has seen a resurgence in natural gas production, after years of neglect.

The Haynesville Shale is one of the founding fathers of the modern shale drilling boom. A decade ago, fracking unleashed a wave of natural gas production as hundreds of rigs piled into northwestern Louisiana. But the surge in production pushed down prices, which had been high and relatively volatile for years.

The crash in prices meant that shale drillers moved on to greener pastures, and most of them began looking for oil rather than gas because crude fetched \$70 to \$80 per barrel. By then, the Marcellus Shale was just beginning to ramp up, boasting rock-bottom costs of production. The massive surge in production made the Haynesville Shale somewhat redundant, and the Marcellus Shale took over as the country's premier gas producing region, as it remains today. The best days for the Haynesville were already over. But, the Haynesville is enjoying a second wind. The recent uptick in production is a story of advancements in drilling technology, a renewed interest from major financial institutions, as well as its proximity to new demand centers.

Natural gas production in the Haynesville is up 20 percent so far this year, and the EIA predicts output will increase by another 2 percent between October and November. The rig count current stands at 44, up from just 16 at this point last year. One of the reasons for the uptick in production is more efficient drilling techniques. Chesapeake Energy, an early pioneer of the Haynesville Shale, told investors that it's squeezing more gas out of each well by drilling longer laterals, according to The Wall Street Journal. Another method that drillers are using to boost output is refracking, which is pretty much what it sounds like: refracking old wells that had already been drilled. The difference this time around is that drilling technology is much improved, allowing companies like Chesapeake to get another bite at the apple.

But it isn't just that drilling techniques have improved. A new wave of finance is also sweeping over the region. This time around, private equity giants are trying to profit off the long-overlooked Haynesville. The WSJ reports that private equity-backed companies have spent billions buying up Haynesville acreage from oil majors like ExxonMobil and Royal Dutch Shell. A third reason for the renaissance underway in the Haynesville is that there are new sources of demand for the gas that didn't exist a decade ago when the drilling frenzy first got underway. The Haynesville is close to Cheniere Energy's Sabine Pass LNG export terminal, which came online in 2016. It was the first in a long line of LNG projects planned for the Gulf Coast, which will likely lead to a massive volumes of U.S. shale gas sent to Europe, South America and maybe even Asia. By the early 2020s, the U.S. will rival Qatar and Australia as the largest LNG exporter in the world.

At odds with the LNG craze is the flurry of petrochemical complexes that have been built in Louisiana and Texas over the past decade, hoping to take advantage of the abundant gas supply. The WSJ estimates there are about 80 major petrochemical facilities under construction in the region, with plans to make fertilizers, plastics, and other industrial products. The petrochemical industry battled LNG developers years ago in Washington, hoping to slow the growing federal support for U.S. gas exports. LNG suppliers largely won that fight, and gas exports have been given a green light. So far, the feared price increase for gas hasn't played out, at least not yet.

Then there's the steady rise in gas consumption for electricity generation. Coal has fallen victim to cheap gas and renewables, and shuttered coal-fired power plants have been replaced by many more plants burning gas. Gas consumption in the electric power sector has jumped by 50 percent since 2008. Gas exports, petrochemicals and electric power generators are all vying for cheap gas—for Haynesville shale drillers, that's welcome news.

## Venture Global raises \$108m for LNG projects

Upstreamonline, 17.10.2017



The Venture Global has raised an additional \$108.6 million to develop two liquefied natural gas export projects in the US through a private placement.

The raise is the company's seventh round of equity investment and brings its total funding to \$470 million. That is still short of the \$8.5 billion needed to build the proposed 20-million-tonnes-per-annum Plaquemines LNG and the \$4.5 billion needed for the 10-mtpa Calcasieu Pass LNG, both in Louisiana. Venture Global hopes to receive regulatory approval next year for Plaquemines LNG and expects the plant to become fully operational by 2022.

The company expects to launch commercial operations from Calcasieu Pass by 2021.



# Wood wins \$12M FEED contract for Honghua's LNG facility

Anadolu Agency, 18.10.2017



Wood Group won a \$12 million FEED contract for a LNG platform in the Gulf of Mexico, Wood announced on Tuesday. The group was awarded the development of the first-of-its-kind LNG platform in the West Delta area of the Gulf by Chinese Honghua Group, the press release said.

“Wood’s scope of work includes the onshore gas pre-treatment plant configuration and layouts, general utilities, feed gas processing and compression, and transportation and delivery via repurposed pipelines from the existing onshore Toca, Venice and Louisiana facilities to the LNG facility 10 miles offshore,” the press release said.

According to the Wood Group, the main objective of the FEED is to finalize the design of the world’s first offshore platform-based natural gas liquefaction and storage facility of which the pre-FEED for the project was recently completed. The company proclaimed that, once complete by around 2020, gas from the Texas Permian Basin will be transported to the offshore platform where it will be liquefied, stored and ultimately exported globally.

Wood will compile and develop the necessary technical documentation for a Deep Water Port (DWP) permit application to United States Maritime Administration (MARAD), according to the press release. The permit includes designing onshore, pipelines and offshore elements of the facility in sufficient detail to satisfy the MARAD. Wood will update and complete the preliminary design of the full offshore gas liquefaction facility. The facility will be designed to produce up to 4.2 million tonnes of LNG per year and to store 300,000 cubic meters of LNG, which is enough to fill 120 Olympic-sized swimming pools, according to the press release.

“We are very excited to be a part of this ingenious project. Our ability to provide innovative engineering design solutions highlights our global success in working with international partners. Wood’s best-in-class planning, execution and delivery performance helps to assure our clients their projects will be successful.” Andrew Stewart, CEO for Wood’s Asset Solutions Americas business said in the press release. Wood Group provides engineering, procurement, construction, and maintenance services to the oil and gas industry internationally. Honghua Group works on the research, design, manufacture, setting, and sale of land drilling rigs, offshore drilling modules, and related parts and components.

# Ineos appoints new shale boss to build a UK natural gas boom

Bloomberg, 16.10.2017



Ineos AG, Britain's largest closely held company, has taken another step toward creating a shale boom on its side of the Atlantic. The company promoted Ron Coyle to chief executive officer of its shale division. He has been with Ineos for almost 20 years, most recently as commercial director for its phenol division.

He will oversee a subsidiary that includes three of the engineers that helped start the U.S. hydraulic fracturing, or "fracking," boom in Texas. Coyle's tasks include winning over a skeptical British public.

That has been loathe to extend reliance on fossil fuels and has doubts about the safety of fracking. He'll also be in charge of a gas exploration campaign criss-crossing England, with success -- in the form of commercial quantities of the fuel -- not guaranteed. Ineos' fracking plans are already underway. The company is the largest holder of U.K. shale gas exploration licenses, with more than 1 million acres (405,000 hectares). It foresees drilling dozens of wells within the next year, and has submitted planning applications for two sites in northern England and proposed a third. The company has said exploring shale gas is the best option for Britain, which may import almost 80 percent of its gas by 2035 and is reducing its reliance on more carbon-intensive coal. Still, support for domestic exploration remains low, with only 16 percent of the public approving of shale gas extraction, according to a government survey.

A third of Britons disapprove, and the Labour Party and Liberal Democrat Party pledged to ban fracking in their party manifestos before June's general election. Concerns intensified in 2011, when fracking caused two earthquakes in northwest England. Though they were barely felt, the government put a one-year ban on the practice before saying it could be done safely. Two companies, Cuadrilla Resources Ltd., which caused the earthquakes, and Third Energy U.K. Gas Ltd. have permission to frack wells in the U.K. and expect to complete the work by next year.

## Oil near \$52 after industry data shows crude stockpile draw

Bloomberg, 17.10.2017



Oil was little changed after an industry report was said to show U.S. crude stockpiles fell, while supplies of products gained.

Prices traded near \$52 in after-market trading in New York following the release of data from the American Petroleum Institute. The data was said to show crude stockpiles dropped by 7.13 million barrels last week, while gasoline and distillate inventories increased. A crude draw of that magnitude would be the largest since mid-August, if it's confirmed by EIA data to be released.

"If you're an objective bull, you really have to be kind of disheartened," Kyle Cooper, director of research at IAF Advisors in Houston, said by telephone. Inventory trends have been bullish, yet prices aren't reacting strongly, he said. Earlier Tuesday, futures prices ended the session little changed after declining amid a report that the Kurdish Peshmerga agreed to return to 2003 Iraq borders. The report came from Sky News Arabia, without saying how it obtained the information.

Iraq had called for cooperation to keep exports in the northern part of the country flowing after the government regained control of oil fields and energy facilities in Kirkuk, which will allow for more investment and will enhance exports, according to an Oil Ministry statement. "This is a pretty strong indicator that the conflict is not going to continue, that some of the temporary loss of production is going to come back," James Williams, president of London, Arkansas-based energy researcher WTRG Economics, said by telephone. "It's certainly in Iraq's interest to keep the Kirkuk-area oil fields going and with the retreat to the border, they really don't have much more argument against it."

West Texas Intermediate crude for November delivery traded at \$51.99 a barrel at 4:42 p.m. after settling at \$51.88 a barrel on the New York Mercantile Exchange, the highest level in more than two weeks. Total volume traded was about 5 percent below the 100-day average. Brent for December settlement added 6 cents to end the session at \$57.88 a barrel on the London-based ICE Futures Europe exchange. The global benchmark crude traded at a premium of \$5.77 to WTI for the same month. The API report also showed gasoline supplies climbed by 1.94 million barrels, while distillate stockpiles rose by 1.64 million barrels, according to people familiar with the data, who asked not to be named because the information isn't public. A build in distillates of that size would be the largest since early July, if EIA data confirms it.

A Bloomberg survey showing oil inventories probably fell by 3.25 million barrels last week. Oil stored at the key Cushing, Oklahoma, storage hub probably rose by 1 million barrels, according to a forecast compiled by Bloomberg. The Suezmax Minerva Georgia completed loading on Monday at Ceyhan, while four other tankers are waiting to take on Kurdish crude, according to shipping agent reports and tanker-tracking data compiled by Bloomberg. “The anxieties over the Iraq and Kurdistan situation are rapidly easing,” said John Kilduff, a partner at Again Capital LLC, a New York-based hedge fund, in a telephone interview. “The risk premium that had gotten built into prices from what looked to be a significant battle brewing is coming right back out, because there was no battle.”

OPEC has a “general agreement” to extend output cuts beyond March, Amir Zamaninia, deputy minister for trade and international affairs at Iran’s Oil Ministry, said in an interview in London. Saudi Oil Minister Khalid Al-Falih said in London that Saudi Aramco’s IPO is “on track” and the kingdom aims for simultaneous local and international sale. Iran said it would support an extension of OPEC oil-production cuts to the end of next year, and insisted its own output plans won’t be disrupted by U.S. President Donald Trump. Kazakhstan’s oil production returned to near record level on Sunday, according to daily output figures published by the Central Asian country’s energy ministry.

## Price of Brent oil above \$58 on Monday

Anadolu Agency, 16.10.2017



International benchmark Brent crude increased by 1.63 percent to \$58.12 per barrel on Monday at 07.18 GMT. American benchmark West Texas Intermediate (WTI) rose by 1.46 percent to \$52.20 at 07.18 GMT.

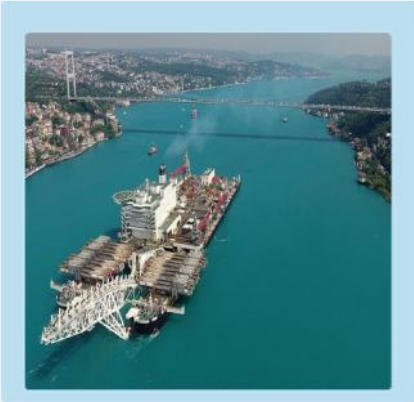
The Iraqi Kurdish Regional Government (KRG) Security Agency announced early Monday that the central Iraqi government’s army began an operation to take military bases and oil wells from Peshmerga forces based in the KRG, which pushed both Brent and WTI up. President Donald Trump on Friday laid out his new strategy.

This new strategy is for addressing what he termed Iran’s “dangerous aggression”, issuing new penalties against Iran’s Revolutionary Guards and saying he will not certify the landmark Iran nuclear deal. This also impacted the price increase. Meanwhile, the number of oil rigs in the U.S. decreased last week, according to Baker Hughes data on Friday. Five oil rigs were taken offline in the American oil industry during the Oct. 9-13 period, the oilfield services company’s data showed.



# What global LNG market expects from supply glut?

Anadolu Agency , 17.10.2017



An LNG and natural gas glut could last until 2023-2025, if the majority of new LNG projects go ahead and Qatar fully implements the extension of its gas production quota, a Senior Fellow at the EastWest Institute, an international affairs think tank, said on Tuesday.

Danila Bochkarev told Anadolu Agency that it is unlikely that LNG prices will decrease further, but said the long-term picture shows a strong global increase in natural gas demand. International Energy Agency (IEA) forecasts gas demand growing 50 percent by 2040, while overall world energy demand will rise by 30 percent between now and 2040.

He noted that most of the growth in natural gas demand will come from Asia with an additional 739 billion cubic meters (bcm) of demand in 2014-2040 and the Middle East with an additional 363 bcm of demand in 2014-2040, while the IEA expects gas consumption in Europe to grow only by 50 bcm between 2014 and 2040. He said that post-2025 Asia, where additional demand will stem from, will likely be the main consumer of additional LNG and even pipeline volumes. Bochkarev responding to the question on the glut of LNG and Europe's needs said that while LNG will represent an important part of Europe's natural balance, it is unlikely that it will be the 'silver bullet' delivering security of supply and competitively priced supplies.

"In theory, LNG supplies will be sufficient to cover all additional gas imports of the EU projected by 2035. However, we should be fully aware that the reality will likely be much more complex," he said. "Natural gas is projected to be the fastest growing fossil fuel in the world and Europe will soon compete with other consumers for LNG supplies. Already, the LNG-dominated regions, such as southern France, are subject to sharp price spikes during the cold winter days while this is not the case in regions with access to both LNG and pipeline gas."

He also reminded that, on Jan. 20, 2017 the price on France's TRS hub reached €45 Euro per Mwh, or double the normal price of that in northern Europe. U.S. LNG will play an important role as a key global LNG supplier, he forecast with increases in global LNG prices giving an additional boost to LNG producers. However, he warned that "the share of U.S. supplies in Europe is unlikely to grow significantly due to competition from cheaper Norwegian, Russian and Qatari gas. Even nowadays, a significant part of the U.S. LNG supplies coming to Europe either cover peak demand or are replacement spot shipments expected to cover gas supplies not covered due to maintenance of production facilities etc."



Norway is Europe's biggest natural gas producer, Russia is the biggest gas exporter to Europe while the world's LNG leader, Qatar, plans to increase its LNG output by 30 percent within seven years. "Brave new LNG world is not a done deal" Andreas Goldthau, a professor at the department of politics and international relations at the Royal Holloway University of London also spoke to Anadolu Agency and said the international market will see lots of additional gas. Goldthau said the U.S. and Australia alone will add some 200 bcm of capacity this side of 2020. "This suggests that the market will be soft for some time to come. Pricing structures will be such that most of this LNG will go to Asia, not Europe though. In Europe, U.S. LNG will find it hard to be competitive against Russian gas even if liquefaction costs are seen as sunk," he said.

"That said, Europe will increasingly act as a 'clearing house' for an emerging global LNG market. It is the world's largest import market for gas, and because it has the capacity to absorb excess LNG, it may to some extent act as a swing consumer going forward," Goldthau added. He said that uncertainty remains in the market though. The professor said projections on LNG market capacities rest on the assumption that key players will remain in the market. "As recent developments in the Gulf suggest, however, this could change quickly, as Kuwait may cut off from export markets due to regional geopolitics and tensions with Saudi Arabia. So the brave new LNG world is not a done deal," he stressed.

According to a September report from Cedigaz, an international non-profit organization, LNG capacity will grow 60 percent in five years. Total effective LNG capacity is expected to increase significantly from 244 million tons per annum (mmtpa) in 2015 to 387 mmtpa in 2021. Cedigaz also detailed that the significant increase in effective liquefaction capacity to 2020-21 is led by strong growth in Australia and the United States until 2019 and 2021, respectively.



# Announcements & Reports

## *Brexit Energy Security Enquiry*

**Source** : OIES

**Weblink** : <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2017/10/Submission-to-the-Inquiry-into-the-implications-of-Brexit-for-energy-security-in-the-UK.pdf>

## *Natural Gas Weekly Update*

**Source** : EIA

**Weblink** : <http://www.eia.gov/naturalgas/weekly/>

## *This Week in Petroleum*

**Source** : EIA

**Weblink** : <http://www.eia.gov/petroleum/weekly/>

# Upcoming Events

## *Tanzania Oil & Gas Congress*

**Date** : 09 November 2017

**Place** : Dar es Salaam, Tanzania

**Website** : <http://www.cwctog.com/>

## *7th Iraq Oil & Gas Conference*

**Date** : 28 – 30 November 2017

**Place** : Basrah, Iraq

**Website** : <http://www.basraoilgas.com/Conference/>

## *International Conference on Energy Engineering & Oil Reserves*

**Date** : 05 December 2017

**Place** : Hong Kong

**Website** : <https://www.waset.org/conference/2017/12/hong-kong/ICEEOR/home>



### *Iraq Oil & Gas Show*

**Date** : 05 December 2017  
**Place** : Basrah, Iraq  
**Website** : <http://basraoilgas.com/>

### *European Gas Conference 2018*

**Date** : 29 January 2018  
**Place** : Vienna, Austria  
**Website** : <https://www.europeangas-conference.com/>

### *Egypt Petroleum Show*

**Date** : 12 February 2018  
**Place** : Cairo, Egypt  
**Website** : <http://www.egyps.com/>

### *North Africa Petroleum Exhibition & Conference*

**Date** : 03 March 2018  
**Place** : Oran, Algeria  
**Website** : [www.napec-dz.com/NewDefault.aspx?lg=en](http://www.napec-dz.com/NewDefault.aspx?lg=en)

### *Kuwait Oil & Gas Summit*

**Date** : 16 April 2018  
**Place** : Kuwait City  
**Website** : [www.cwckuwait.com/](http://www.cwckuwait.com/)

### *International Conference on Petroleum & Petrochemical Economics*

**Date** : 26 April 2018  
**Place** : Istanbul, Turkey  
**Website** : [www.waset.org/conference/2018/04/istanbul/ICPPE](http://www.waset.org/conference/2018/04/istanbul/ICPPE)